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DEVELOPMENTS CONCERNING THE NATIONAL  
EMERGENCY WITH RESPECT TO IRAN

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MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A REPORT ON DEVELOPMENTS SINCE HIS LAST REPORT OF MAY  
18, 1995, CONCERNING THE NATIONAL EMERGENCY WITH RE-  
SPECT TO IRAN, PURSUANT TO 50 U.S.C. 1703(c) AND 22 U.S.C.  
2349aa-9(c)



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*To the Congress of the United States:*

I hereby report to the Congress on developments since the last Presidential report of May 18, 1995, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12107 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report covers events through September 29, 1995. My last report, dated May 18, 1995, covered events through April 18, 1995.

1. On March 15 of this year by Executive Order No. 12957, I declared a separate national emergency pursuant to the International Emergency Economic Powers Act and imposed separate sanctions. Executive Order No. 12959, issued May 6, 1995, then significantly augmented those new sanctions. As a result, as I reported on September 18, 1995, in conjunction with the declaration of a separate emergency and the imposition of new sanctions, the Iranian Transactions Regulations, 31 CFR Part 560, have been comprehensively amended.

There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535, since the last report. However, the amendments to the Iranian Transactions Regulations that implement the new separate national emergency are of some relevance to the Iran-United States Claims Tribunal (the "Tribunal") and related activities. For example, sections 560.510, 560.513, and 560.525 contain general licenses with respect to, and provide for specific licensing of, certain transactions related to arbitral activities.

2. The Tribunal, established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since my last report, the Tribunal has rendered four awards, bringing the total number to 566. As of September 29, 1995, the value of awards to successful American claimants from the Security Account held by the NV Settlement Bank stood at \$2,368,274,541.67.

Iran has not replenished the Security Account established by the Accords to ensure payment of awards to successful U.S. claimants since October 8, 1992. The Account has remained continuously below the \$500 million balance required by the Algiers Accords since November 5, 1992. As of September 29, 1995, the total amount in the Security Account was \$188,105,627.95, and the total amount in the Interest Account was \$32,066,870.62.

Therefore, the United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligations under the Accords to replenish the Security Account. Iran filed its State-

ment of Defense in that case on August 31, 1995. The United States is preparing a Reply for filing on December 4, 1995.

3. The Department of State continues to present other United States Government claims against Iran, in coordination with concerned government agencies, and to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

In September 1995, the Departments of Justice and State represented the United States in the first Tribunal hearing on a government-to-government claim in 5 years. The Full Tribunal heard arguments in Cases A/15(IV) and A/24. Case A/15(IV) is an interpretive dispute in which Iran claims that the United States has violated the Algiers Accords by its alleged failure to terminate all litigation against Iran in U.S. courts. Case A/24 involves a similar interpretive dispute in which, specifically, Iran claims that the obligation of the United States under the Accords to terminate litigation prohibits a lawsuit against Iran by the McKesson Corporation from proceeding in U.S. District Court for the District of Columbia. The McKesson Corporation reactivated that litigation against Iran in the United States following the Tribunal's negative ruling on Foremost McKesson Incorporated's claim before the Tribunal.

Also in September 1995, Iran filed briefs in two cases, to which the United States is now preparing responses. In Case A/11, Iran filed its Hearing Memorial and Evidence. In that case, Iran has sued the United States for \$10 billion, alleging that the United States failed to fulfill its obligations under the Accords to assist Iran in recovering the assets of the former Shah of Iran. Iran alleges that the United States improperly failed to (1) freeze the U.S. assets of the Shah's estate and certain U.S. assets of close relatives of the Shah; (2) report to Iran all known information about such assets; and (3) otherwise assist Iran in such litigation.

In Case A/15(II:A), 3 years after the Tribunal's partial award in the case, Iran filed briefs and evidence relating to 10 of Iran's claims against the United States Government for nonmilitary property allegedly held by private companies in the United States. Although Iran's submission was made in response to a Tribunal order directing Iran to file its brief and evidence "concerning all remaining issues to be decided by this Case," Iran's filing failed to address many claims in the case.

In August 1995, the United States filed the second of two parts of its consolidated submission on the merits in Case B/61, addressing issues of liability and compensation. As reported in my May 1995 Report, Case B/61 involves a claim by Iran for compensation with respect to primarily military equipment that Iran alleges it did not receive. The equipment was purchased pursuant to commercial contracts with more than 50 private American companies. Iran alleges that it suffered direct losses and consequential damages in excess of \$2 billion in total because of the United States Government's refusal to allow the export of the equipment after January 19, 1981, in alleged contravention of the Algiers Accords.

4. Since my last report, the Tribunal has issued two important awards in favor of U.S. nationals considered dual U.S.-Iranian nationals by the Tribunal. On July 7, 1995, the Tribunal issued Award No. 565, awarding a claimant \$1.1 million plus interest for

Iran's expropriation of the claimant's shares in the Iranian architectural firm of Abdolaziz Farmafarmaian & Associates. On July 14, 1995, the Tribunal issued Award No. 566, awarding two claimants \$129,869 each, plus interest, as compensation for Iran's taking of real property inherited by the claimants from their father. Award No. 566 is significant in that it is the Tribunal's first decision awarding dual national claimants compensation for Iran's expropriation of real property in Iran.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *November 28, 1995.*

